

Message Text

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ORIGIN XMB-04

INFO OCT-01 AF-10 ISO-00 EB-07 /022 R

EXIMBANK

DRAFTED BY XMB: J W LENTZ:NL
APPROVED BY EB/IFD/ODF:FHTHOMAS
XMB: C NORRIS
AF/E:RBAKER
AF/E:RCASTRODALE
-----090637Z 124977 /17
R 081843Z JUN 77
FM SECSTATE WASHDC
TO AMEMBASSY NAIROBI
AMEMBASSY DAR ES SALAAM

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E.O. 11652: N/A

TAGS: EFIN, KE, TZ

SUBJECT: VISIT OF GOK DELEGATION

REFERENCE: (A) NAIROBI 6539, (B) NAIROBI 6560, (C)
DAR ES SALAAM 1957, (D) DAR ES SALAAM 2279

1. ON JUNE 2 GOK MINFIN UNDER SECRETARY J. GACHUI,
KENYA AIRWAYS CHAIRMAN G. GICHUKI, AND AMB. J. MBOGUA
VISITED EXIMBANK TO DISCUSS FINANCING FOR POSSIBLE
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PURCHASE THREE USED 707 AIRCRAFT FROM NORTHWEST AIR-
LINES AT ESTIMATED TOTAL COST DOLS. 26.0 MILLION
(REF. A). MINIMUM 15 PER CENT CASH PAYMENT REQUIRE-
MENT WAS ACCEPTABLE, IN FACT GACHUI STATED CASH PAYMENT
MIGHT BE INCREASED. EXIMBANK STAFF POINTED OUT
COMMERCIAL BANKS SHOULD BE ENCOURAGED TO PARTICIPATE IN
FINANCING TO MAXIMUM EXTENT, AND IT APPEARS CITIBANK
PREPARED TO EXTEND CREDIT FOR HALF OF FINANCED PORTION
IF REPAID FROM EARLY MATURITIES. GOK TEAM APPEARED TO

ACCEPT EXIMBANK SUGGESTION THAT IT RATHER THAN KENYA AIRWAYS BE OBLIGOR IN ORDER TO EXPEDITE ANALYSIS OF ANY APPLICATION. REPAYMENT TERM OF SEVEN YEARS SEEMED ACCEPTABLE TO TEAM. GOK MAY SUBMIT FORMAL APPLICATION WITHIN 1 - 2 WEEKS.

2. POSSIBLE FLY IN OINTMENT WAS EXIMBANK STATEMENT THAT IT MUST HAVE CLEAR AND POSITIVE PICTURE OF HOW ITS EXISTING EAA EXPOSURE FOR DC-9S WILL FARE UNDER COMBINATION OF VARIOUS GOVERNMENT GUARANTEES AND LIQUIDATORS PROCEDURES BEFORE NEW CREDIT POSSIBLE. THIS ESPECIALLY TRUE SINCE KENYA AIRWAYS OPERATING TWO OUT OF THREE DC-9S. EXIMBANK HAS RECEIVED 2/3 OF MAY 15 INSTALLMENT ON DC-9 CREDIT. UGANDA-GUARANTEED 1/3 SHARE HAS NOT BEEN PAID, ALTHOUGH PLANE BEING OPERATED AS BACK-UP CAPACITY BY KENYA AIRWAYS. DELEGATION PROMISED TO FURNISH DETAILS OF KENYA AIRWAYS PAYMENTS FOR ONE DC-9 LEASED FROM LIQUIDATOR PLUS ESTIMATE OF TOTAL EAA ASSETS AND LIABILITIES UNDER CONTROL OF KENYA LIQUIDATOR. FOR DAR ES SALAAM: EXIMBANK WOULD APPRECIATE LATTER INFORMATION BEING PROVIDED WITH RESPECT TO TANZANIAN LIQUIDATOR.

3. PROBLEM OF DC-9 REGISTRATION DISCUSSED (REFS. B, C, AND D). GACHUI INDICATED GOK WOULD COOPERATE FULLY WITH GILL. IT WAS EXPLAINED THAT GILL NOT A USG OR EXIMBANK REP. WITH AUTHORITY TO MEDIATE BETWEEN TWO LIMITED OFFICIAL USE

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GOVERNMENTS, BUT RATHER AN INTERESTED INDIVIDUAL, EXPERIENCED IN FIELD, WHO RESPONDING TO TANGOV REQUEST (REF. C). GILL'S MISSION IS MERELY TO CARRY APPROPRIATE DOCUMENTS OR MESSAGES BETWEEN CAPITALS.

4. ON JUNE 6 EXIMBANK RECEIVED LETTER FROM L. O. KIBINGE REQUESTING CANCELLATION EXIMBANK AND CITIBANK CREDITS PREVIOUSLY APPROVED FOR PURCHASE DOLS. 18.2 MILLION OF G.E. LOCOMOTIVES. REQUEST MADE QUOTE IN LIGHT OF IMPROVEMENT IN KENYA'S ECONOMIC CIRCUMSTANCES END QUOTE WHICH PERMIT G.E. PURCHASE TO BE MADE ON CASH BASIS. PRIOR TO RECEIPT LETTER EXIMBANK HAD HEARD OF POSSIBLE CANCELLATION FROM OTHER SOURCES AND BANK STAFF RAISED SUBJECT WITH GACHUI, SUGGESTING ANY SURPLUS FOREIGN EXCHANGE BE ALLOCATED TO FINANCE DOLS. 15.0 MILLION OF U.S. COSTS OF CHEMTX POLYESTER PROJECT. ALTHOUGH EXIMBANK RECONSIDERING ITS DENIAL OF PROJECT, DENIAL COULD BE REAFFIRMED. IF GOK DESIRES TO IMPLEMENT PROJECT WITH CHEMTX EQUIPMENT, IT MIGHT RECONSIDER CANCELLATION LOCOMOTIVE CREDITS AND ALLOCATION FOREIGN EXCHANGE THUS MADE AVAILABLE TO FINANCE U.S. COSTS

POLYESTER PROJECT WITH CASH, FOREGOING ANY RELIANCE ON
EXIMBANK. EXIMBANK WOULD APPRECIATE AMEMBASSY NAIROBI
FOLLOW-UP ON THIS POINT ASAP. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCE, VISITS, AIRCRAFT SALES
Control Number: n/a
Copy: SINGLE
Sent Date: 08-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE132131
Document Source: CORE
Document Unique ID: 00
Drafter: J W LENTZ:NL
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770205-0638
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770677/aaaacplp.tel
Line Count: 119
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 2673a182-c288-dd11-92da-001cc4696bcc
Office: ORIGIN XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 NAIROBI 6539, 77 NAIROBI 6560
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2225116
Secure: OPEN
Status: NATIVE
Subject: VISIT OF GOK DELEGATION
TAGS: EFIN, KE, TZ, XMB, (GACHUI, J)
To: NAIROBI DAR ES SALAAM
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/2673a182-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009